

2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF NEW YORK
4 CASE NO.: 08 CIV 5646

5 -----x
6 JOHN L. EDMONDS, Individually and as a
7 managing general partner of FIFTH AND 106TH
8 STREET HOUSING COMPANY, INC., LOGAN PLAZA
9 ASSOCIATES, LP, CHARLES H. ASSOCIATES a/k/a
10 CHARLES H. HILL ASSOCIATES, LP and as a
11 limited partner of CHURCH HOME ASSOCIATES, LP,

12 Plaintiffs,
13 -against-

14 ROBERT W. SEAVEY, Individually and as a general
15 partner of FIFTH AND 106TH STREET ASSOCIATES, LP,
16 LOGAN PLAZA ASSOCIATES, LP, CHARLES HILL
17 ASSOCIATES, CHARLES HILL ASSOCIATES, LP and as a
18 limited partner of CHURCH HOME ASSOCIATES, LP;
19 PHYLLIS M. SEAVEY, individually and as owner,
20 manager and member of DALTON MANAGEMENT and
21 member of DALTON MANAGEMENT COMPANY, LLC; AVERY
22 B. SEAVEY, individually and as a general partner
23 of LOGAN PLAZA ASSOCIATES, LP, CHURCH HOME
24 ASSOCIATES and owner of DALTON MANAGEMENT
25 COMPANY, LLC; NEALE B. SEAVEY, individually and
as owner, manager and member of DALTON MANAGEMENT
COMPANY, LLC; and RONALD DAWLEY as chief
executive officer of DALTON MANAGEMENT COMPANY,
LLC; DALTON MANAGEMENT COMPANY, LLC, THE SEAVEY
ORGANIZATION, and MARK PANETH & SHRON, Auditors,

26 Defendants.

27 -----x
28 DEPOSITION of JOHN EDWARDS
29 APRIL 17, 2009

<p>1</p> <p>2</p> <p>3 DEPOSITION of JOHN EDWARDS,</p> <p>4 taken by Defendants, held at the offices of</p> <p>5 Herrick, Feinstein, LLP, 2 Park Avenue, New York,</p> <p>6 New York, on April 17, 2009, commencing at</p> <p>7 10:00 a.m., before Eileen Mulvenna, CSR/RMR,</p> <p>8 Certified Shorthand Reporter, Registered Merit</p> <p>9 Reporter and Notary Public of the State of New</p> <p>10 York.</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>2</p> <p>1</p> <p>2 IT IS HEREBY STIPULATED AND AGREED,</p> <p>3 by and between the attorneys for the respective</p> <p>4 parties herein, that filing and sealing be and</p> <p>5 the same are hereby waived.</p> <p>6</p> <p>7 IT IS FURTHER STIPULATED AND AGREED</p> <p>8 that all objections, except as to the form of the</p> <p>9 question, shall be reserved to the time</p> <p>10 of the trial.</p> <p>11</p> <p>12 IT IS FURTHER STIPULATED AND AGREED</p> <p>13 that the within deposition may be signed and</p> <p>14 sworn to before any officer authorized to</p> <p>15 administer an oath, with the same force and</p> <p>16 effect as if signed and sworn to before the</p> <p>17 officer before whom the within deposition was</p> <p>18 taken.</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p>1</p> <p>2 APPEARANCES:</p> <p>3</p> <p>4</p> <p>5 M. DOUGLAS HAYWOOD, ESQ</p> <p>6 Attorneys for Plaintiff</p> <p>7 71 Maple Street</p> <p>8 Kings Chancery</p> <p>9 Brooklyn, New York 11225-5001</p> <p>10 BY: HERRICK, FEINSTEIN, LLP, ESQ.</p> <p>11</p> <p>12 HERRICK FEINSTEIN, LLP</p> <p>13 Attorneys for Defendants Seavey, et al.</p> <p>14 2 Park Avenue</p> <p>15 New York, New York 10016</p> <p>16 BY: M. DARREN TRAUB, ESQ.</p> <p>17 dtraub@herrick.com</p> <p>18</p> <p>19 WILSON ELSER MOSKOWITZ EDELMAN & DICKER, LLP</p> <p>20 Attorneys for Defendant Mark Paneth & Shron</p> <p>21 3 Gannett Drive</p> <p>22 White Plains, New York 10604-3407</p> <p>23 BY: WILLIAM J. KELLY, ESQ.</p> <p>24 william.kelly@wilsonelser.com</p> <p>25</p> <p>1</p> <p>2 ALSO PRESENT:</p> <p>3</p> <p>4</p> <p>5 Robert Seavey</p> <p>6 Phyllis Seavey</p>	<p>3</p> <p>1</p> <p>2 John Edmonds</p> <p>3 JOHN EDMONDS,</p> <p>4 having been duly sworn by Eileen Mulvenna,</p> <p>5 a Notary Public of the State of New York,</p> <p>6 was examined and testified as follows:</p> <p>7 EXAMINATION</p> <p>8 BY MR. TRAUB:</p> <p>9 Q. State your name and address for the</p> <p>10 record, please.</p> <p>11 A. John L. Edmonds, E-D-M-O-N-D-S,</p> <p>12 187-20 Grand Central Parkway, Jamaica, New York.</p> <p>13 11432 is the zip.</p> <p>14 MR. TRAUB: This deposition is being</p> <p>15 taken pursuant to notice and agreement of</p> <p>16 counsel and will be used for the purpose of</p> <p>17 cross-examination at trial and all other</p> <p>18 uses in accordance with the Federal Rules</p> <p>19 of Civil Procedure.</p> <p>20 BY MR. TRAUB:</p> <p>21 Q. Mr. Edmonds, good morning.</p> <p>22 A. Good morning.</p> <p>23 Q. We've met several times.</p> <p>24 A. That's correct.</p> <p>25 Q. It's nice to see you again.</p> <p>I just want to let you know, I know</p> <p>5</p>

2 (Pages 2 to 5)

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<p>1 John Edmonds 2 you've had your deposition taken before and I'm 3 sure you've even taken a few depositions. This 4 will be similar to any deposition that you've 5 seen or that you've taken in that we have a court 6 reporter here. 7 And, obviously, she can only take 8 down what is stated orally. So what I would ask 9 is that you allow me to ask my questions to you 10 and let me finish. And then a response, if you 11 could give an oral answer. Obviously, a head nod 12 yes or a head nod no can't be taken down. 13 And I'll give you the same courtesy 14 of allowing you to finish your complete answer 15 before talking back over so that the court 16 reporter doesn't have us talking over each other. 17 A. Very good. 18 Q. Also, if you need a break at any 19 time, obviously, please feel free to do so. I 20 just ask that you allow me to finish any question 21 that's pending and for you to give a complete 22 answer to any pending question before we take 23 such a break. 24 A. Very good. 25 Q. We do have coffee and water behind</p>	<p>6</p> <p>1 John Edmonds 2 With the investment in the city of 3 Newark, New Jersey, can you describe for me the 4 actual property. 5 A. Yes. The property was located 6 almost against Elizabeth, New Jersey. The back 7 end of the property ends up in Elizabeth. It was 8 across the street from a public golf facility 9 there for the people that live in that community. 10 It's quite a nice community. 11 Q. Was it a vacant piece of property? 12 A. Yes, it was. 13 Q. Who was your partner, if any, in 14 that investment, that city of Newark? 15 MR. HAYWOOD: Object to the 16 relevance. 17 Now the witness may answer. 18 A. I had an arrangement with three or 19 four people. Rod Shaw, who is an engineer of 20 some 30 or 40 years. I've forgotten this 21 fellow's name now, but at any rate, the 22 arrangement was a very elemental one. It was a 23 part of the kind of thing that I do frequently, 24 and that is to say that I involve them to the 25 extent that they were partners, and they each got</p>
<p>1 John Edmonds 2 you as well, so if at any time, please turn 3 around and help yourself. 4 Can you describe for me all of your 5 real estate investments that you currently have. 6 A. Fifth and 106th Street. 7 Q. And that's the one that's in this 8 deposition -- or that's in this case known as 9 Lakeview? 10 A. Lakeview. 11 Charles Hill. Church Home. And 12 Logan Plaza. I think they comprise perhaps 952 13 units. 14 Q. Are there any other real estate 15 investments that you're currently in other than 16 the four partnerships at issue in this action? 17 A. Not at the present time. 18 Q. In the past ten years, have you been 19 involved in any other real estate investments? 20 A. Yes, I have. 21 Q. In which real estate investments 22 were those? 23 A. Those were investments in the city 24 of Newark, New Jersey. 25 Q. We'll take these one at a time.</p>	<p>7</p> <p>1 John Edmonds 2 a percentage of the amounts to be made. 3 Q. Were you the managing general 4 partner? 5 A. Managing general partner, that's 6 correct. 7 Q. And what percentage ownership did 8 you have in that partnership? 9 A. I believe I kept somewhere between 10 68 and 75 percent. 11 Q. And the other remaining 32 to 12 25 percent was split between the other three 13 partners? 14 A. Yes, that's correct. And of course, 15 the budget included a fee for Rod Shaw because he 16 was the person to be on the site to assist in the 17 management of that project. 18 Q. What did the project actually 19 consist of? 20 A. It consisted of -- I believe it was 21 116 units of housing under a HUD program that 22 would have given the public housing residents an 23 opportunity to own their own unit in a 24 condominium fashion. 25 Q. I guess I'm a little confused.</p>

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1 John Edmonds 2 Because earlier when I asked, you said it was a 3 vacant piece of land. 4 A. It was vacant as of the time that we 5 started the construction, yes. 6 Q. And then you actually built a 7 116-family apartment building -- 8 A. We finished -- we finished 9 two-thirds of the project. 10 Q. And then what happened with the 11 project? 12 A. The City of Newark called me in, 13 Harold Lucas, who was then the executive director 14 of the Newark Housing Authority and had been, in 15 the Clinton administration, the deputy assistant 16 commissioner for public housing. And in that 17 role, he made certain that his old city would get 18 a good part of those funds, and they did. 19 Q. So did you sell the property then to 20 the City of Newark; is that -- 21 A. I was put off the property. What 22 happened was that I had a state senator there who 23 was a partner of the contractor, the builder, 24 that was a local builder there on the site. And 25 he was a vice president of -- the contractor's	10 1 John Edmonds. 2 When you say "the Edmonds group," 3 you're talking about yourself and your three 4 partners; is that correct? 5 A. Yes. 6 Q. Was it taken from you through a 7 condemnation? 8 A. No. 9 Q. Was there -- 10 A. By a direction of the mayor of the 11 City of Newark. 12 Q. So there was no lawsuit? 13 A. No lawsuit. 14 Q. Did you get paid for -- 15 A. I got paid for the percentage of 16 completion, yes. And I'll tell you that I had 17 several meetings with the board of the Housing 18 Authority, which consisted mainly of tenants, 19 their counsel, the executive director and this 20 state senator, who represented the mayor at the 21 meetings, and -- 22 Q. Not to interrupt you. 23 Is this the City of Newark Housing 24 Authority? Is that -- 25 A. Yes, the City of Newark Housing	12
11 1 John Edmonds 2 name was Tony Gomes. He was a vice president of 3 Tony Gomes' construction company, a state senator 4 and a deputy mayor, I believe. 5 And they called me in on an occasion 6 before their board and indicated to me that they 7 desired to have Mr. Gomes complete the project 8 without the further participation of the Edmonds 9 group. And incidentally, I had Phyllis over 10 there on one occasion to discuss -- 11 MR. HAYWOOD: Indicating 12 Mrs. Seavey, who is with us today. 13 A. -- to discuss the management 14 capability of her company, Dalton Management. 15 And that was for the reason that if the place was 16 to become a condominium for the tenants, then 17 they would have to have a managing agent there. 18 Q. So that you were considering then 19 Dalton Management as a management group for this 20 project? 21 A. That's correct. 22 Q. You said that the Edmonds group 23 was -- believe me, I apologize if I get the term 24 wrong -- was put out of the project by the City 25 of Newark.	11 1 John Edmonds 2 Authority. 3 And the first meeting I had with 4 them, they asked me what was the total amount of 5 completion of the project. And I indicated to 6 them that it was about three-quarters completed, 7 two-thirds to three-quarters. And they asked me 8 how much of a fee I was expecting. And I told 9 them \$1.4 million, which would be the fee that we 10 had -- that I earned for three-quarters of 11 completion. 12 Q. At that time, were there any tenants 13 that were in the property? 14 A. As far as I can recall, no, no 15 tenants at that time, because it was not 16 completed. 17 Q. Okay. So this isn't a project that 18 was completed in phases; in other words, there 19 was one building completed, tenants moved in. It 20 was supposed to all be completed before tenants 21 moved in? 22 A. That's correct. 23 Q. Okay. 24 A. And after having a couple of 25 meetings with them, they told me that they could	13

<p>14</p> <p>1 John Edmonds 2 only pay \$1.2 million for the services of the 3 Edmonds group. And so I recognized that I was in 4 a very difficult position, with the mayor opposed 5 to me and so forth and so on, so I accepted that 6 and we left the job. 7 Q. You said that you were expecting 8 around about \$1.4 million for the project. Was 9 this the fee that you would obtain if you had 10 sold the project upon completion? 11 A. No, I think we were looking for a 12 fee of approximately \$2 million. 13 Q. Is that for selling the project upon 14 completion? 15 A. Yes, that's correct. 16 Q. So you never planned to actually run 17 this project, then? 18 A. No. I -- I was looking really at 19 that time as to whether or not Dalton Management 20 Company could -- could be the manager of that 21 project once it was completed. 22 Q. When you say "at that time," about 23 what year were you considering Dalton Management 24 Company to be the management company of -- 25 A. I think this began in 1996, I</p>	<p>16</p> <p>1 John Edmonds 2 I had to hire the wrong group of lawyers. 3 And so the judge told me, on an 4 examination that was being conducted by myself 5 and the lawyer that I had retained on Benny 6 Thompson, that Benny Thompson committed some 7 perjury statements. And the judge says, Well, I 8 think that Mr. Thompson is senile. So, 9 Mr. Edmonds, I don't think I will permit this to 10 go further. I'm going to award the lawyers here 11 their fees and that should end this litigation. 12 Q. When you say "an examination," is 13 this a cross-examination at trial or was this an 14 examination before trial? 15 A. Cross-examination at trial. 16 Q. And so then at the end of the trial, 17 the judge dismissed your lawsuit; is that 18 correct? 19 A. That's correct. 20 Q. Are there any other properties that 21 you have owned other than in the last ten years, 22 other than the five real estate projects you've 23 named so far? 24 A. Yes, I made -- I made an approach to 25 the -- to the housing authority in North</p>
<p>15</p> <p>1 John Edmonds 2 believe. And I finally finished with them I 3 think in 2002, from the point of the lawsuit and 4 so forth and so on. Because I brought a lawsuit 5 in the Superior Court in Newark, New Jersey. 6 Q. Against the City of Newark? 7 A. Yes, against the City of Newark and 8 against also the young man that I had selected to 9 be an architect. His name was Ben Thompson, I 10 believe. Benny Thompson. 11 Q. You were the plaintiff in that 12 lawsuit? 13 A. Yes. 14 Q. And at what point did you sell, 15 finally for \$1.2 million, the property to the 16 City of Newark? 17 A. I guess it must have been about 18 2000, about then. 19 Q. What was the outcome of the lawsuit 20 that you had filed? 21 A. The outcome was that the judge -- I 22 realized, after I had retained these attorneys, 23 et cetera, that this was a part of a relationship 24 between the courts and these lawyers and so forth 25 and so on, they had good political contact, that</p>	<p>17</p> <p>1 John Edmonds 2 Carolina, to -- I can't think of the name of that 3 city now. 4 MR. HAYWOOD: Durham? 5 THE WITNESS: Durham, North 6 Carolina, that's correct. 7 A. And the approach was similar to the 8 one that I had used in Newark where -- this 9 acreage that I had there, about 15 acres, which 10 was very close to a school, North Carolina 11 College, was that this site could be used for 12 students, graduate students, et cetera. 13 And we were going to build type of 14 housing that was beginning to be very popular 15 down there, three-story buildings. Something 16 that Seavey and I did in the last job we did 17 here, that type, which was the -- we did a job 18 here for the -- for the Harlem River Development 19 Corporation on Eighth Avenue, 138th Street. 20 Q. Not to interrupt you, but when you 21 say "we," who is the we -- 22 A. I'm talking about Bob and I -- 23 Q. I'm talking about the one in Durham, 24 North Carolina. 25 A. I owned the site. I brought my team</p>

5 (Pages 14 to 17)

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	18	20
1	John Edmonds	
2	down. Team consisted of Hal Harris, young	
3	engineer by the name of Phil -- Philip Zerbrisky	
4	[ph], of course, Rod Shaw and myself. And we	
5	made this proposal.	
6	And once again, it was one of those	
7	situations in which the board consisted of the	
8	presidents of the public housing authority. And	
9	they had the executive director and counsel. And	
10	the lawyer there was a gentleman by the name of	
11	Banks, again, very involved in the politics of	
12	Durham.	
13	Q. Whose lawyer was Banks? For the	
14	City?	
15	A. For the City.	
16	Q. And going back a step further, you	
17	had described it was yourself, Hal Harris, Philip	
18	Zerbrisky and Rod Shaw. Were you the managing	
19	general partner of this property as well?	
20	A. Yes.	
21	Q. What was your ownership interest?	
22	A. Probably about the same. I made the	
23	same arrangement I attempted to arrange in	
24	Newark, New Jersey.	
25	Q. About 68 to 75 percent?	
	19	21
1	John Edmonds	
2	A. Yes.	
3	Q. Did you actually end up acquiring	
4	any property with respect to this partnership?	
5	A. No. What occurred was that the	
6	executive director and counsel had formed a	
7	not-for-profit. And that not-for-profit was to	
8	be their development arm. And they were using	
9	this as a way of siphoning the federal funds off	
10	of the project. And what happened was that the	
11	feds came in, federal -- FHA's office was in	
12	Greensboro, and fired all of them.	
13	Q. When you say "all of them," you're	
14	talking about the City housing --	
15	A. Yes, the --	
16	Q. -- development?	
17	A. -- the executive director, he fired	
18	them -- fired the executive director and he fired	
19	the deputy executive director, a female, who was	
20	an architect.	
21	Q. Fired them from their job or fired	
22	them off of this project?	
23	A. Fired them from their job.	
24	Apparently the executive director	
25	had used some of the funds to buy a diamond ring	

	22		24
1	John Edmonds	1	John Edmonds
2	A. No.	2	Management Company and Bob Seavey.
3	Q. Are there any other real estate	3	Q. What about in the last ten years;
4	investments that you've owned in the last ten	4	did you have any other non-real estate
5	years?	5	investments?
6	A. No, none. Just this year I started	6	MR. HAYWOOD: Objection to the
7	a negotiation with the housing authority of North	7	relevance.
8	Charleston, South Carolina. Again the same	8	The witness may answer.
9	approach. It is a proposal to build	9	A. I can't think of any.
10	condominium-type apartments for public housing	10	Q. Were you involved with a radio
11	residents.	11	station?
12	Q. Going back real quick to the Durham,	12	A. Oh, with -- yes, with -- Inner City
13	North Carolina project that you were considering,	13	Broadcasting.
14	had you discussed this project with Dalton	14	Q. Inner City Broadcasting?
15	Management Company?	15	A. Yes. I was vice chairman and then
16	A. I don't think I did, no.	16	general counsel, and then I ended up suing the
17	Q. Who are your partners in the North	17	company.
18	Charleston, South Carolina matters, if anyone?	18	Q. Did you have partners -- let me ask,
19	A. I was going to use, obviously, Rog	19	was Inner City Broadcasting a partnership or --
20	and myself. And I was going to bring in my CPA,	20	A. No, that's a corporation controlled
21	who's actually in Greensboro, North Carolina,	21	by Percy Sutton.
22	Rudolph Clark, to be on the spot and be able to	22	Q. Was he the majority shareholder in
23	keep up with things for me.	23	that corporation?
24	Q. Is that your personal CPA?	24	A. Well, what Percy did was to form
25	A. Yes.	25	another LLC, transferred all the assets from the
	23		25
1	John Edmonds	1	John Edmonds
2	Q. Or a corporate CPA?	2	original corporation to that LLC, and made his
3	A. A personal CPA.	3	son the chairman of the new LLC, and had -- had
4	Q. Had you established a partnership or	4	the board -- basically people identified with
5	LLC or any other entity with regard to this North	5	Percy in the political circle in Harlem had the
6	Charleston, South Carolina --	6	board to approve that.
7	A. No, I had not. I realized, after	7	And I objected to this. And many of
8	having a discussion with the lawyer who called me	8	the members on the board would tell me after
9	from -- on two or three occasions, that I might	9	meetings that they agreed with me, that I was
10	be stepping into the same kind of situation that	10	right and so forth and so on; but none of them,
11	I was in before. And so I just indicated to this	11	except one, the president, a young man by the
12	lawyer that I didn't think that we wanted to go	12	name of David Lantell, was willing to join me in
13	forward.	13	my lawsuit.
14	Q. Is that currently moving forward?	14	Q. How many members of the board were
15	A. No, it is not going forward now.	15	there?
16	Q. Is that it then for your real estate	16	A. I don't recall, but there were some
17	investments in the last ten years?	17	rather prominent people there. Hal Jackson was a
18	A. Yes.	18	vice chairman and -- Hal must be a hundred years
19	Q. Other than stocks, bonds, mutual	19	old today, but he still works -- he has, I think,
20	funds, secured instruments, CDs, bank accounts,	20	a Sunday morning jazz program on BLS.
21	do you have any non-real estate investments that	21	Q. Would you say there's more than five
22	you're involved in currently?	22	members on the board?
23	A. The only investments that I would	23	A. Yes.
24	have would have been -- would be the investments	24	Q. More than ten?
25	that are managed and controlled by Dalton	25	A. I think -- yes, more than ten at

7 (Pages 22 to 25)

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<p>1 John Edmonds 2 that time. 3 And also John Procope was on that 4 board. He's now deceased. And John was back and 5 forth. First he was going to join me and then he 6 didn't. Then he was trying to make some 7 arrangement with me, he and Carl McCall, that 8 would bring us together, that is to be able to 9 negotiate with Percy. 10 And what happened was, I realized 11 after we had several meetings that these guys 12 didn't intend to force a return of the corporate 13 assets to the corporation, but they just wanted 14 to see whether or not they could make some 15 arrangement that would satisfy me and satisfy 16 Sutton. 17 Q. What was your ownership interest in 18 the Inner City Broadcasting? 19 A. I would say -- I think I owned 20 somewhere between maybe -- maybe 20 percent. I 21 don't remember the interest. 22 Q. Were you the sole plaintiff in your 23 lawsuit? 24 A. No. 25 Q. Who was --</p>	<p>26</p> <p>1 John Edmonds 2 LLC that Sutton had formed, and left the -- the 3 original company a shell company. 4 Q. Was that lawsuit filed in state 5 court or federal court? 6 A. State court, state Supreme Court 7 here in New York County. 8 Q. When was that lawsuit filed? 9 A. I think that was in '95 or '96. 10 Q. What was the outcome of that 11 lawsuit? 12 A. We won an award from the court based 13 upon an offer made by Sutton after Pepe, his son, 14 had obviously committed perjury in his testimony. 15 Q. When you say "his testimony," at a 16 lawsuit or in a deposition? 17 A. At the lawsuit, during 18 cross-examination. 19 Q. So it actually went to trial then? 20 A. Yes, it did. 21 Q. And when you said during an offer, 22 was it a settlement that was approved by the 23 court? 24 A. Yes. 25 Q. So it wasn't an actual verdict then?</p>
<p>27</p> <p>1 John Edmonds 2 A. I was joined by the young man who 3 was then the president, David Lantell. We ended 4 up with 18 percent of the ownership in this 5 lawsuit. 6 Q. Combined between the two of you? 7 A. Combined between the two of us. 8 Q. Who are the defendants in that 9 lawsuit? 10 A. Sutton and his son. And I may have 11 named a couple of the other members. I think 12 Dr. Watkins. It was -- he was a very well-known 13 physician, medical person here in the Harlem 14 community. 15 Q. Was he another member of the board? 16 A. Yes, he was. 17 Q. Were you represented by counsel in 18 that lawsuit, or did you file that lawsuit on 19 your own? 20 A. I was represented by counsel. 21 Q. What was the basis of that lawsuit? 22 A. The basis of the lawsuit was the 23 assets owned by the Inner City Broadcasting 24 Corporation had been transferred, that is all of 25 the properties, et cetera, to this newly created</p>	<p>29</p> <p>1 John Edmonds 2 A. No. 3 Q. It was -- 4 A. No. 5 Q. It was a settlement -- 6 A. Yes. 7 Q. -- approved by the court? 8 A. Yes, it was. What happened was that 9 the judge asked me what would be the value of 10 your interest at this time in the corporation. 11 And I told her it was probably about \$6 million. 12 And she then had Sutton to go into her study, the 13 back. 14 And then when he came out, she 15 called myself and my counsel in and said, Look, 16 Mr. Sutton is willing to pay \$5.9 million, and I 17 would urge you to accept it rather than continue 18 to go forward. 19 And I said, Fine. 20 Q. Can you think of any other non-real 21 estate investments similar to the radio station 22 that you've been involved in? 23 A. Yes, Amsterdam News. I was a 24 principal holder of the interest in the Amsterdam 25 News. We purchased it. That was Sutton, myself,</p>

30	32
<p>1 John Edmonds</p> <p>2 John Procope, Carl McCall, Clarence Jones, Bill</p> <p>3 Tatum.</p> <p>4 Q. Was the Amsterdam News a partnership</p> <p>5 or an entity?</p> <p>6 A. It was a corporation.</p> <p>7 Q. And so what was your shareholder --</p> <p>8 what was your stock percentage ownership of</p> <p>9 Amsterdam News?</p> <p>10 A. After we got going, Percy wanted</p> <p>11 out, so we bought him out. And we ended up with</p> <p>12 three owners; Edmonds, Tatum and Procope. And I</p> <p>13 would say I owned 40 percent of the company.</p> <p>14 Made me the principal. And we had a shareholders</p> <p>15 agreement.</p> <p>16 Q. Were you the managing shareholder?</p> <p>17 A. I was the chairman of the</p> <p>18 corporation.</p> <p>19 Q. Okay.</p> <p>20 A. This matter was tried once again in</p> <p>21 the Supreme Court in New York County.</p> <p>22 Q. I hate to interrupt, but when you</p> <p>23 say "this matter," was there a lawsuit that was</p> <p>24 brought in connection with Amsterdam News?</p> <p>25 A. Yes, that's correct.</p>	<p>1 John Edmonds</p> <p>2 And this matter was -- went before a</p> <p>3 judge there, who was obviously friendly to them.</p> <p>4 And he made a ruling that -- citing the Agora</p> <p>5 case, if you remember that case. He said, yes,</p> <p>6 you have a right under this ruling.</p> <p>7 And I think the jury went out and</p> <p>8 took about five minutes to come back with an</p> <p>9 award for me of the amounts of monies that Tatum</p> <p>10 had been taking under the table from the company.</p> <p>11 And then the judge said that the</p> <p>12 issue of the control of the corporation is one of</p> <p>13 law. And I decided that, in view of the fact</p> <p>14 that Mr. Tatum has been the editor and the</p> <p>15 managing person there, actively every day, that</p> <p>16 he should continue to own the newspaper.</p> <p>17 Q. So this lawsuit went to trial as</p> <p>18 well?</p> <p>19 A. Yes.</p> <p>20 Q. Did the judge overturn the jury's</p> <p>21 verdict? Is that --</p> <p>22 A. No, he did not. He kept the jury's</p> <p>23 verdict to the extent of the award -- the money</p> <p>24 award. But he took the position that the -- that</p> <p>25 the right to the controlling interest would go to</p>
31	33
<p>1 John Edmonds</p> <p>2 Q. Who was the plaintiff in this</p> <p>3 lawsuit?</p> <p>4 A. I was.</p> <p>5 Q. Was there anyone else who was a</p> <p>6 plaintiff with you?</p> <p>7 A. No.</p> <p>8 Q. And who were the defendants in that</p> <p>9 lawsuit?</p> <p>10 A. It was Procope and Tatum.</p> <p>11 Q. Those were the other -- your other</p> <p>12 partners?</p> <p>13 A. Two, yes.</p> <p>14 Q. Did you file the lawsuit on your own</p> <p>15 behalf or did an attorney file it for you?</p> <p>16 A. I was represented by counsel.</p> <p>17 Q. Was this in state court or federal</p> <p>18 court?</p> <p>19 A. State court.</p> <p>20 Q. What was the basis of your lawsuit?</p> <p>21 A. That the -- that the shareholders</p> <p>22 agreement gave me the right to purchase the</p> <p>23 controlling interest of the corporation. And</p> <p>24 Tatum was represented by Victor Kovner at that</p> <p>25 time. Kovner had been a partner of Ed Koch.</p>	<p>1 John Edmonds</p> <p>2 Tatum.</p> <p>3 Q. Are there any other non-real estate</p> <p>4 investments besides the radio station and</p> <p>5 Amsterdam News that you can think of?</p> <p>6 A. None at the moment.</p> <p>7 Q. Are you a partner in any company</p> <p>8 that has served as a vendor for any of the four</p> <p>9 partnerships or buildings in issue in this</p> <p>10 lawsuit?</p> <p>11 A. None that I know of.</p> <p>12 Q. Have you received any money as a</p> <p>13 referral fee from any vendor which has provided</p> <p>14 services to any of the partnerships or buildings</p> <p>15 in this lawsuit?</p> <p>16 A. No. I don't -- I don't deal with --</p> <p>17 if the vendor is a local person from the Harlem</p> <p>18 community, I try to give him as much business as</p> <p>19 I possibly can in whatever situation I find</p> <p>20 myself.</p> <p>21 Q. Can you give me an example of a</p> <p>22 local businessman in Harlem that you've</p> <p>23 recommended to work at the partnerships or at the</p> <p>24 buildings?</p> <p>25 A. Hal Harris is a good example. He</p>

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<p>1 John Edmonds 2 lives in -- in Lakeview and he's a licensed real 3 estate broker. And he came to me on one occasion 4 and said to me that he had an assignment of a 5 lease from a hospital which was on the west side 6 of Manhattan.</p> <p>7 And he says, You know, your medical 8 space here at Lakeview has been vacant for five 9 or six years, and I can produce a client for 10 this -- for this space.</p> <p>11 And I said, Fine.</p> <p>12 And I signed the agreement because I 13 had -- I had spoken to Bob about it and I said -- 14 and Bob wanted to know what was the deal, who was 15 the client, so forth. And I said, Bob, he says 16 he can deliver. We got space that's been vacant 17 for five or six years. Let's see whether he can 18 deliver.</p> <p>19 And the client he had was Mount 20 Sinai Hospital. And apparently he did deliver 21 Mount Sinai. I don't know whether he -- whether 22 he and Bob later changed the deal. Because 23 apparently, as I kind of -- looking at it, what 24 he did was to assign his contract to Seavey or to 25 Fifth and 106th Street associates.</p>	<p>34</p> <p>1 John Edmonds 2 A. Yes. 3 Q. Does he pay rent? 4 A. Ask Bob Seavey here. Bob would 5 know. I wouldn't. 6 Q. Are you -- 7 A. The last time I saw any 8 information --</p> <p>9 MR. HAYWOOD: Lord knows we've sued 10 him often enough.</p> <p>11 A. Last time I saw any information, I 12 think Hal owed either 38,000 or 138,000, 13 something like that, he hasn't paid.</p> <p>14 Q. And your counsel, Mr. Haywoode, said 15 Lord knows we've sued him enough.</p> <p>16 Was he referring to you sued him in 17 landlord/tenant court for --</p> <p>18 A. Yeah, I remember on one occasion he 19 asked me to come to testify in court. Hal has 20 some kind of a deal. And I had been in his 21 apartment several times. And he has this 22 business about -- he's supposed to be very 23 religious. So when you come into his apartment, 24 he wants you to take off your shoes.</p> <p>25 And he records everything, every</p>
<p>1 John Edmonds 2 Q. When you say "he" assigned it, 3 you're talking about Hal Harris? 4 A. Yes, that's correct. 5 Q. And Hal Harris' company is T-wall 6 [ph]; is that correct? 7 A. He's got a couple of companies. One 8 is Win Back [ph]. One is T-wall, the one you 9 just mentioned. And then sometimes he operates 10 in his own, just as a broker. 11 Q. And there's actually a lawsuit 12 concerning T-wall suing Fifth and 106th Street -- 13 A. Yes. 14 Q. -- over this payment for this -- 15 A. That's correct. 16 Q. -- contract? 17 A. Hal made me understand that he was 18 entitled to get from Dalton Management Company, I 19 assume, because -- a hundred thousand dollars a 20 year after the first two years of this agreement. 21 He told me further that the agreement provided 22 for -- for Lakeview or Dalton to have \$685,000 23 per year for the use of this space. 24 Q. Now, you said earlier Hal Harris 25 lives at Lakeview; is that correct?</p>	<p>35</p> <p>1 John Edmonds 2 conversation he has of any kind. He just says, 3 I'm so busy, John, that I don't remember, so I 4 want to record what we say here. 5 And so then he came to me later, 6 after that lawsuit, in which, you know, I 7 testified that Hal -- he's got the best apartment 8 I've seen in the building. What are you talking 9 about? Four bedrooms and -- and he's running a 10 business out of there and so forth and so on. 11 And he's got a front man, I've 12 forgotten the guy's name. I don't know whether 13 he lives there or not, but I know I got some 14 recent correspondence from them in which this guy 15 uses the building entrance on Fifth Avenue -- he 16 called it Upper Manhattan something, and said 17 that his office was located in this suite, 18 Suite 2R or 3R, which suite he's talking about is 19 Hal's apartment. 20 Q. Have you ever shared an office space 21 with Hal Harris? 22 A. No, none that I know of. 23 Q. Has Hal Harris ever paid you any 24 income or fee for referring business to him? 25 A. No.</p>

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<p style="text-align: right;">38</p> <p>1 John Edmonds 2 Q. So if Hal Harris had told Mr. Seavey 3 that he splits commissions with you, he would be 4 lying? 5 A. That's correct. 6 Q. Are there any other local Harlem 7 businesses that you can think of that you 8 referred business to from the partnerships? 9 A. Well, at one point, I was insisting 10 upon having minority firms, a local minority 11 firm in managing the properties. And somehow 12 they always would get some conflict with the 13 state housing division and they would move them 14 off of the site. And I wondered about that, if 15 that would happen. 16 Q. Are you familiar with the security 17 company called Enterprise 9? 18 A. I believe that's a company that Mel 19 owns. 20 Q. Are you a partner in that company? 21 A. No, I'm not. 22 Q. Have you ever received any money 23 from Enterprise 9? 24 A. No, not that I know of. 25 Q. Did you ever represent to anyone at</p>	<p style="text-align: right;">40</p> <p>1 John Edmonds 2 attorneys' fees; is that correct? 3 A. That's correct. 4 Q. Were you named as a defendant in 5 that lawsuit? 6 A. I don't know whether I was named as 7 a defendant or not, but I do know that -- yes, 8 what happened was that Seavey named me as a 9 defendant in which he was counterclaiming against 10 me for his failure to pay Mel the amounts due 11 him. 12 Q. So Mr. Haywoode then named 13 Mr. Seavey as one of the named defendants, but 14 not you; and then Mr. Seavey did a third-party 15 complaint against you as a defendant? 16 A. Yes. 17 Q. Turning to this matter -- 18 MR. TRAUB: Mark this as Exhibit 19 No. 1. 20 (Defendants' Exhibit 1, 3/8/07 21 Letter to Seavey from Edmonds, marked for 22 identification.) 23 Q. Mr. Edmonds, you've been handed 24 what's been marked as Defendants' Exhibit No. 1. 25 Do you recognize this document?</p>
<p style="text-align: right;">39</p> <p>1 John Edmonds 2 DHCR or HUD that Enterprise 9 was your company? 3 A. No. I might have said that it was 4 an associate of mine. And I'm sure if anyone 5 there asked me, that's what I said, Oh, yes, it's 6 Mel Haywoode's company. 7 Q. Did you recommend Enterprise 9 to be 8 a vendor for one of the partnerships? 9 A. I might have. I don't recall. I 10 really don't recall. I know that I always wanted 11 Mel, and Mel wanted to handle the 12 landlord/tenant matters, so I may have 13 recommended Enterprise 9 also. 14 Q. And so did you recommend 15 Mr. Haywoode then to perform landlord/tenant work 16 for the partnerships? 17 A. Yes. 18 Q. And you recommended that to 19 Prestige, a former management company at the 20 property? 21 A. Perhaps to Prestige. And I know I 22 recommended it to Bob Seavey. 23 Q. In fact at one point, Mr. Haywoode 24 actually sued at least one of the partnerships, 25 Logan Plaza, claiming RICO violations for unpaid</p>	<p style="text-align: right;">41</p> <p>1 John Edmonds 2 A. Yes, it was a letter that I wrote 3 Bob. 4 Q. And what's the date on the letter? 5 A. It's March 8, 2007. 6 Q. And if you can read for the record 7 the first sentence in your letter. 8 A. "Rudy Clark, CPA, has forwarded to 9 me a copy of your response dated March 2, 2007, 10 in connection with my retention of Mr. Clark in 11 his professional capacity to examine the books 12 and records of Dalton Management Company, LLC, 13 your family-owned management company. 14 "In view of the above-cited 15 correspondence, I am directing this 16 correspondence to you and to Phyllis Seavey, 17 Esq., the principal owner of Dalton Management 18 Company; Avery Seavey, Esq., a minority owner; 19 and Nealle Seavey, Esq., a minority owner; and 20 Ron Dawley, the chief executive" -- 21 I said chief executive officer. I 22 now understand that Mr. Dawley considers himself 23 the chief operating officer. 24 -- "of Dalton Management Company 25 Corporation."</p>

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1 John Edmonds 2 Q. Okay. And then your next sentence 3 says that you retained Mr. Clark -- 4 A. "For the precise purpose of 5 examining all of the books and records of Dalton 6 Management Company as it relates to the above 7 property." 8 Q. Why did you retain Mr. Clark to 9 examine the books and records of Dalton 10 Management Company? 11 A. Rudy Clark has been my CPA for maybe 12 10, 12, 15 years. He originally was here in 13 New York City. And as a matter of fact, if my 14 recollection is clear, when we were at 5 Beekman 15 Street, we rented space to Rudy Clark and to a 16 Londell MacMillian, who was a CPA at that time. 17 I now understand that he is considered New York's 18 top litigator or something to that effect. 19 Q. I don't -- 20 A. So that's the reason I sent the 21 correspondence. 22 Q. My question was, why did you retain 23 him for the purpose of examining the books and 24 records of Dalton? Was there something that 25 triggered your desire for an examination of the	42 1 John Edmonds 2 holding it up? 3 And he said to me that he had given 4 it to his mother. 5 And I said, Well, why would you do 6 that? 7 He says, Well, that's our way of 8 handling matters. My mother is in charge of 9 Dalton and so forth and so on. 10 And so I said, Okay. 11 And I came down to Seavey's office 12 and asked to meet with Bob. Phyllis has a habit 13 of sitting in the back. Bob's office is like a 14 horseshoe. And when you talk to Bob, she 15 generally hears everything that you say to him. 16 And when I told him that I wanted 17 this to be done, I wanted it done immediately, he 18 said to me that he would have to discuss it with 19 Phyllis. And just at that point, Phyllis came 20 forward and said to me, John, darling -- she 21 always calls me darling when she's getting ready 22 to do you in. 23 She says, John, darling, that's not 24 the way that we're going to handle this. 25 And I said, Phyllis, that's not a	44
43 1 John Edmonds 2 books and records of Dalton? 3 A. Yes. 4 Q. And what was that? 5 A. I had on the Logan Plaza matter, 6 I had gone to Avery Seavey, and I told him that, 7 with respect to Logan, since we were the only two 8 parties interested, that is the Seaveys and 9 Edmonds, each own about 50 percent each, that I 10 thought that we should open an account at the 11 bank that I did business with, which was Valley 12 National Bank. 13 And I took Avery there to the bank, 14 to the Madison Avenue office at 40th Street, 15 that's my principal office, introduced him to the 16 officers. And the vice president in charge of 17 the office said to me, Mr. Edmonds, you go ahead 18 and sign and Mr. Seavey can get this back to us 19 as early as he can. 20 And I did and gave Avery a document. 21 And maybe three, four, five weeks 22 later, I called Avery, because I figured that he 23 was busy doing other things. And I said, Avery, 24 you haven't returned that -- that signature card 25 or document to the bank. You know, what's	45 1 John Edmonds 2 determination for you to make; it's a 3 determination for the managing partners of the 4 property to make. And where's Bob? 5 Bob then came out and says to me -- 6 he says, John, let's not have an extended 7 discussion about this today. You -- I'll work it 8 out with Phyllis and I'll get back to you. 9 And he didn't get back to me. So I 10 called him again. And then Bob arranged a 11 meeting at a restaurant on 34th Street, a Thai 12 restaurant, as I recall, between Park and Lex, on 13 the northern side of the street. 14 And when I got to the meeting, I was 15 surprised, because I thought it was the meeting 16 between Bob and myself, that the Singer brothers 17 was there. And they -- I said, Gee, I didn't 18 know that the Singers were going to be a part of 19 this meeting. 20 They are the limited partners in the 21 Lakeview situation. 22 Q. And you understood this meeting to 23 discuss opening a bank account about Logan? 24 A. Yes. 25 The meeting was concluded. And then	45

	46		48
1	John Edmonds	1	John Edmonds
2	I said to Bob, Look, we need to settle this	2	said they only own 25 percent of the parcel on
3	business about the bank account today.	3	23rd Street and that would be difficult to
4	So he says, Well, let me talk to	4	overturn as a minority holder, but that the
5	Phyllis further and I'll give you a call.	5	combination of them and myself come to somewhere
6	I said, Fine.	6	between 85 and 90 percent of the ownership of
7	I didn't get a call from Bob. So	7	Lakeview. And I joined with them on that
8	one day I came down here and I said, Bob, I want	8	occasion.
9	to talk to you about this. Bob said to me that	9	And I think the brother said that --
10	he was on his way to a meeting and that I could	10	I said, You know -- and this is going to be
11	discuss it with Phyllis and Avery.	11	rough -- this is going to be a tough lawsuit. I
12	And I undertake the discussion, and	12	said, Because Bob doesn't give up very easily.
13	Phyllis said to me, John, I've told you, this is	13	And they said to me that -- Well,
14	not the way it's going to be done. Dalton is	14	neither do we.
15	going to manage these accounts. And I've asked	15	And then I recall that, at one
16	you not to -- to come in making this demand. And	16	point, Bob had been the senior counsel, I believe
17	as a matter of fact, I want you out of my office.	17	right here in this building, for the Singers and
18	By the time, Bob had disappeared.	18	Andrew Cuomo. They had a firm.
19	And I said, Well, I didn't come to	19	Q. And the purpose of the lawsuit that
20	see you. I came to see Seavey.	20	the Singers brought was to force the sale of
21	And she said, Well, Seavey is not	21	Lakeview, is that correct?
22	here. He has a meeting outside the office. And	22	A. That's correct.
23	I order you out or else I'm going to call	23	Q. And you had joined in wanting to
24	security.	24	sell the property at Lakeview?
25	Q. When you mean "Seavey," you mean Bob	25	A. Yes.
	47		49
1	John Edmonds	1	John Edmonds
2	Seavey; is that correct?	2	And then --
3	A. Yes, Bob Seavey.	3	Q. Let me back you up for one second.
4	Q. And what time was this meeting?	4	You said that initially you wanted, with respect
5	A. Maybe 2 o'clock in the afternoon.	5	to Logan, to transfer the Logan bank accounts to
6	Q. I'm sorry, what date? 2006, 2007?	6	Valley National Bank?
7	A. I think this is 2007.	7	A. Yes.
8	Q. Okay.	8	Q. And that the Seaveys refused to
9	A. I think it was 2007.	9	transfer the bank account to Valley National
10	And so I left. And when I got	10	Bank?
11	downstairs, I told the -- the security guy	11	A. That's correct.
12	there -- I said, Look, when Bob comes in here,	12	Q. Were you aware of which bank
13	you tell him that I'm not going to come down here	13	account -- I'm sorry, which bank Logan currently
14	to be insulted by Phyllis and if he wants to	14	had accounts at at that time?
15	discuss anything further with me, then be in	15	A. Oh, yes, I remember a discussion I
16	touch.	16	had with Phyllis about that. The bank that we
17	In the meantime, I think the	17	had been was Chase Bank, had been the bank
18	Singers -- even earlier the Singers had brought a	18	that where all these accounts were. And I
19	lawsuit against Bob as it related to a parcel	19	approached Phyllis and I said -- she transferred
20	that they own at 23rd Street -- they're the	20	them to the Bank of New York.
21	limited, Bob is the general -- and 23rd -- I	21	And I said, Why did you transfer
22	think between First and Second Avenue.	22	those -- you know, we were getting good service,
23	And they came to me and asked me --	23	et cetera.
24	and said to me that they were going to start a	24	She says, For Dalton's convenience,
25	lawsuit against Seavey on Lakeview because they	25	John.

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<p>1 John Edmonds</p> <p>2 So I said, Well, you know, I don't</p> <p>3 approve of that at all and I want you to know</p> <p>4 that.</p> <p>5 Q. Now, you will agree that Logan has a</p> <p>6 management contract with Dalton. Is that correct?</p> <p>7 A. That's what they tell me.</p> <p>8 Q. Were you a signator to the contract?</p> <p>9 A. I don't recall whether I was or not.</p> <p>10 I may have been, but I don't really recall.</p> <p>11 Q. Why did you want to move Logan's</p> <p>12 account to Valley National Bank?</p> <p>13 A. Because I wanted to begin to get in</p> <p>14 a position to have more involvement with how our</p> <p>15 monies were being used, either in the reserves and</p> <p>16 whatever else. I wanted to be able to keep up</p> <p>17 with that. I wanted to know where that was, and</p> <p>18 so forth and so on.</p> <p>19 Q. Now, the Seaveys offered you the</p> <p>20 opportunity to cosign all checks from Logan,</p> <p>21 didn't they?</p> <p>22 A. I have no recollection of that. The</p> <p>23 only thing I generally receive from Logan and any</p> <p>24 of the other developments is a monthly statement</p> <p>25 that sets forth the amounts collected, the</p>	<p>50</p> <p>1 John Edmonds</p> <p>2 relations and bank with the Bank of New York and</p> <p>3 eliminate the Chase account. All monies</p> <p>4 transferred to the Bank of New York was a Logan</p> <p>5 Plaza Management account and its Chase account</p> <p>6 ceased to exist.</p> <p>7 " We suggested that you cosign all</p> <p>8 Logan checks, and this would require your weekly</p> <p>9 attendance at the Dalton office. You thought it</p> <p>10 would be sufficient to have all checks xeroxed</p> <p>11 and copies sent to you. I thought this was okay</p> <p>12 and we so did and do," which is not accurate.</p> <p>13 Q. Does that reflect your recollection,</p> <p>14 though, that --</p> <p>15 A. That this was the letter, yes.</p> <p>16 Q. -- that Seavey asked you to</p> <p>17 cosign --</p> <p>18 A. Yes.</p> <p>19 Q. -- on the Logan checks?</p> <p>20 A. Yes.</p> <p>21 Q. And that you said that you didn't</p> <p>22 need to come in and cosign on the checks?</p> <p>23 A. I believe I may have said that,</p> <p>24 Look, if you just send me copies of all the</p> <p>25 checks, that would be sufficient for me.</p>
<p>51</p> <p>1 John Edmonds</p> <p>2 amounts -- generally speaking, they do attach the</p> <p>3 checks that relate to the employees and Domestic</p> <p>4 Relations Corp. checks and that kind of thing,</p> <p>5 but the other checks they do not.</p> <p>6 MR. TRAUB: Can I have this marked</p> <p>7 Defendants' Exhibit No. 2, please.</p> <p>8 (Defendants' Exhibit 2, 7/31/06</p> <p>9 Letter to Edmonds from Seavey, marked for</p> <p>10 identification.)</p> <p>11 BY MR. TRAUB:</p> <p>12 Q. Mr. Edmonds, you've just been handed</p> <p>13 Defendants' Exhibit No. 2. Have you ever seen</p> <p>14 this letter before?</p> <p>15 A. Yes. It was sent to me by Phyllis</p> <p>16 in 2006.</p> <p>17 Q. Do you recall receiving this letter?</p> <p>18 A. I don't recall receiving it, but I</p> <p>19 acknowledge that I received it.</p> <p>20 Q. If you look at the last paragraph,</p> <p>21 can you read that paragraph for the record,</p> <p>22 please.</p> <p>23 A. "As for the taking of your money,</p> <p>24 again, be advised that such a thing was never,</p> <p>25 ever done. Dalton chose to change its banking."</p>	<p>53</p> <p>1 John Edmonds</p> <p>2 Q. So turning back your attention to</p> <p>3 Defendants' Exhibit No. 1, you said you had</p> <p>4 retained Mr. Clark for the precise purpose of</p> <p>5 examining all of the books and records of Dalton</p> <p>6 Management as it relates to the above properties.</p> <p>7 Why did Mr. Clark not end up being</p> <p>8 the CPA that you used for the examination?</p> <p>9 A. Mr. Clark's office is now in</p> <p>10 Greensboro, North Carolina, and he obviously has</p> <p>11 many clients. And --</p> <p>12 MR. HAYWOOD: I'm just going to</p> <p>13 note my objection to the question insofar</p> <p>14 as it might call for speculation.</p> <p>15 The witness may respond.</p> <p>16 A. He contacted either Mel or the firm</p> <p>17 that's now doing the examination here in</p> <p>18 Brooklyn -- who have an office in Brooklyn, on</p> <p>19 Utica Avenue, to do the examinations and they're</p> <p>20 undertaken there.</p> <p>21 Q. And the reason you didn't use</p> <p>22 Mr. Clark is because he was in Greensboro, North</p> <p>23 Carolina?</p> <p>24 A. Yes, and not -- you know, just was</p> <p>25 not feasible for him to examine -- be here to</p>

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	54		56
1	John Edmonds	1	John Edmonds
2	examine and try to run his business in North	2	Federal Rule 30, which is what corresponds
3	Carolina.	3	with this deposition. And under Federal
4	Q. Prior to sending this March 8, 2007,	4	Rule 30(c)(2), it states, "An objection
5	letter to Robert Seavey, had you discussed with	5	must be stated concisely, in a
6	Mr. Clark retaining him to examine the books and	6	nonargumentative and a nonsuggestive
7	records?	7	manner."
8	A. Yes, I probably did discuss it with	8	And I'm taking issue with your
9	him. And he said to me that, John, it's not	9	suggestive comments in your objection. So
10	feasible for me because I have other clients -- a	10	I'll let you do a concise and
11	lot of clients and I can't come to New York and	11	nonargumentative and nonsuggestive
12	spend, you know, weeks examining books and	12	objection, but that's the basis of the
13	records, et cetera.	13	extent that I'm going to allow your
14	Q. So if he told you that he was in	14	objections.
15	Greensboro, North Carolina, which you knew at	15	MR. HAYWOOD: Counsel, you said, he
16	that time, and he told you it was not feasible	16	spoke with you, he spoke with you. The
17	for him to do the examination, why did you write	17	witness has testified, I spoke with him; I
18	a letter to the Seaveys telling them that	18	spoke with him. Your question suggests,
19	Mr. Clark would in fact be doing the examination?	19	again, that he did the one act before
20	A. I think I wrote that letter because	20	having spoken with him.
21	he was my CPA. And at that time, I had no other	21	And I simply said that you should
22	involvement with any other CPA firm. And so I	22	lay a foundation for the sequence of these
23	wrote that letter to say, Look, Rudy is my CPA	23	conversations. Because you're saying
24	and I'm going to ask him to do this and so on.	24	something that is unspecified and he's
25	And then I discussed it with him and	25	answering something which is entirely
	55		57
1	John Edmonds	1	John Edmonds
2	he made it plain that it would be almost	2	different.
3	impossible for him to assume that responsibility.	3	MR. TRAUB: I think the record
4	Q. I guess I'm confused by your	4	speaks for itself, that we actually did
5	testimony. At the time you wrote this letter,	5	discuss the precise sequence of
6	you had or had not already discussed the	6	conversations and events, and that was the
7	retention of Mr. Clark with Mr. Clark?	7	determination of my prior questions.
8	A. I believe I had discussed the	8	BY MR. TRAUB:
9	retention of Mr. Clark at the time that I wrote	9	Q. Mr. Edmonds, if you turn to the
10	the letter. I wouldn't have written a letter	10	fourth paragraph down in your March 8, 2007,
11	without -- without his having knowledge of the	11	letter, can you please read that statement.
12	fact that -- that I was seeking to use him for	12	A. "This examination will be in
13	that purpose.	13	accordance with 28 U.S.C. 1331, the Racketeer
14	Q. Even though Mr. Clark told you he	14	Influenced and Corrupt Organizations Act (RICO),
15	was in Greensboro and it would be practically	15	18 U.S.C. 1964(a), personal jurisdiction over the
16	impossible for him to come to New York to	16	named defendants pursuant to U.S.C. 1965."
17	undertake such a large examination, you still	17	Q. Mr. Edmonds, what is your
18	wrote this letter?	18	understanding as to what a RICO action is?
19	MR. HAYWOOD: My objection is to	19	MR. HAYWOOD: Objection to the
20	the form, Counsel, because we don't know	20	relevance of his understanding.
21	when which of those informations [sic] was	21	The witness may answer.
22	provided unless you lay a foundation at the	22	A. My understanding of it is that it's
23	time.	23	an action brought on behalf of the plaintiff in
24	Object to the form.	24	connection with alleged racketeering as it
25	MR. TRAUB: I'm going to cite to you	25	relates in this instance, as it relates to a

1 John Edmonds 2 number of parcels of real property. 3 Q. Do you understand actually, though, 4 what a claim under RICO is? 5 A. I don't know whether I do or not. 6 Q. But yet, you stated in your 7 March 8th letter that this would be in 8 accordance with RICO, is that correct? 9 A. Yes, that's correct. 10 Q. Did you actually look up 28 U.S.C. 11 1330 -- 12 A. I did not, no. 13 Q. Did you look up 18 U.S.C. 1964(a) at 14 the time? 15 A. No, I did not. I believe that the 16 conduct of the Seaveys was such and continues to 17 be such that it fitted the pattern of a RICO 18 action. 19 Q. You say it fit with the pattern of a 20 RICO action. What is your understanding of what 21 a pattern of a RICO action is? 22 A. The pattern is where there is an 23 abuse on the part of a party, in this instance, 24 Dalton, Seavey, Bob Seavey, Phyllis, and the 25 Seavey kids, as it relates to these properties	58	1 John Edmonds 2 that you were down here. 3 And I said, Fine. 4 Q. When was the last time that you were 5 at DHCR? 6 A. I think that was just before -- that 7 was in 2007. 2007, I think. 2007 or 2008. I 8 don't remember. 9 Q. And who was this quote-unquote young 10 man that you're testifying to? 11 A. I don't know. Fernandez -- I don't 12 know his name. I know that he -- he apparently 13 lives in the East Harlem area, but I don't know 14 his name. But I do know that he's a functionary 15 down there. 16 Q. And that he had lunch with Bob? 17 A. According to him. I don't know that 18 he had lunch with Bob. According to him. 19 Q. Are there any other abuses that you 20 can think of when you used the term "abuse"? 21 A. Well, I think that when you are in a 22 business relationship with a person and you 23 attempt to -- and you go forward -- not attempt, 24 but go forward to secure complete control of the 25 relationship and dominate the placing of monies	60
1 John Edmonds 2 that I named in the action. I think that their 3 conduct is racketeer influenced. They're looking 4 to skin the cat all for themselves and leave 5 nothing for any partner, including Edmonds. 6 Q. When you say "abuse", please be 7 specific in what you mean by "abuse". 8 A. Well, it's an abuse in terms of how 9 I understand it, for a party to enter into 10 partnerships with another party and then assume 11 complete control and refuse to give accountings 12 for all of the dollars that are received and the 13 use of those dollars. 14 As a matter of fact, sir, the last 15 time I was at DHCR, the young fellow who is the 16 deputy commissioner who -- Lakeview is part of 17 his mission, told me to speak to his counsel when 18 I asked them to give me a record of all of the 19 holdings and the deposits that they cosign on 20 behalf of the partnerships. 21 When I spoke to his counsel, his 22 counsel told me that he would not permit it. And 23 then when I was leaving the building on the 24 elevator, this young fellow said to me, I'm going 25 to have lunch with Bob tomorrow and I'll tell him	59	1 John Edmonds 2 and determine where the monies should be sent and 3 so forth and so on, that is that you are 4 committing a quality of abuse that fits 5 criminality. 6 Q. You will agree with me -- strike 7 that. 8 Are you aware that each of the four 9 housing projects at issue -- 10 MR. HAYWOOD: You meant to withdraw 11 something from the record, not strike it? 12 You meant to withdraw -- 13 MR. TRAUB: I'm okay with striking 14 my comment. Same thing. 15 MR. HAYWOOD: Does the federal 16 rules give you the authority to strike 17 something? 18 MR. TRAUB: It's my deposition -- 19 MR. HAYWOOD: So you're going to 20 withdraw it? 21 MR. TRAUB: I'll withdraw the first 22 incorrect part of my sentence, if that 23 makes you happy. 24 MR. HAYWOOD: No, I just want to be sure that you're withdrawing the question.	61

<p style="text-align: right;">62</p> <p>1 John Edmonds 2 Because we don't have authority to strike 3 it. 4 MR. TRAUB: It wasn't a question. I 5 hadn't finished my question. 6 MR. HAYWOOD: Okay. 7 BY MR. TRAUB: 8 Q. Mr. Edmonds, are you aware that all 9 four of the partnership housings are controlled 10 in some part by a different federal- or 11 state-sponsored housing agency? 12 A. Yes. 13 Q. For instance, Lakeview is controlled 14 by DHCR; is that correct? 15 A. DHCR on behalf of the State Urban 16 Development Corporation. 17 Q. Do you know how Lakeview is 18 financed? 19 A. Yeah. I believe that it was 20 financed by the State Urban Development 21 Corporation. And in those years -- now, this is 22 some, what, 40 years ago, I think there was a 23 provision of that -- of the law at that time that 24 permitted the funding of these affordable housing 25 developments up to 90 percent.</p>	<p style="text-align: right;">64</p> <p>1 John Edmonds 2 that's at 40th Street; I believe, and Third 3 Avenue. -- I can't think of the name of that 4 agency -- that has a role in the -- in the 5 regulation. And also, I believe HUD has one. 6 I remember that -- I think that this 7 lady, Deborah Van, something, Amargin, was at 8 HUD. And I think that basically the federal 9 government is responsible for putting these 10 monies into various states and state housing 11 agencies to be used for affordable housing 12 purposes. 13 Q. And do you have an understanding as 14 to whether or not each of these government 15 entities have regulations or rules that govern 16 the operation of Lakeview? 17 A. Yes, I understand that. And I 18 understand, also, that at one point Seavey's 19 nephew was the deputy commissioner for downstate 20 New York with the state agency. And I think that 21 he had a role in enunciating the policy of DHCR. 22 Q. So you're saying that Seavey's 23 nephew may have had a role in actually -- 24 A. Not "may have had." He did have a 25 role.</p>
<p style="text-align: right;">63</p> <p>1 John Edmonds 2 And I believe that what Bob did here 3 was to go to Rubin Glick, who I think we hired at 4 that time as the -- as a principal contractor, to 5 borrow the funds, 10 percent. And on that basis, 6 I think the project was funded. And I believe 7 the funding was somewhere between 16 and 8 \$20 million that -- at that time. 9 Q. Do you know how Lakeview takes in 10 money on a daily, weekly or monthly basis? 11 A. At one point, the documents that I 12 would get from Phyllis on the left-hand column 13 would list the amounts taken and deposited, the 14 dates of deposit, et cetera. And the other 15 column would list the uses of the dollars. 16 The most recent thing that I've 17 received does not do that. It doesn't give you 18 that information. In other words, there's much 19 less information given by the most recent 20 statements that they've been giving. 21 Q. Do you know which entities regulate 22 Lakeview? 23 A. Yeah, I've said on behalf of -- on 24 behalf of the State Urban Development 25 Corporation, DHCR. And there's another agency</p>	<p style="text-align: right;">65</p> <p>1 John Edmonds 2 Q. He had a role -- 3 A. Bob arranged for his appointment for 4 that purpose through the governor then, Cuomo. 5 Q. You're saying Bob's nephew had a 6 role in drafting the DHCR regulations? 7 A. No, I didn't say that.. He had a 8 role in implementing them and defining them. 9 Q. With respect to Lakeview or with 10 respect to all housing projects? 11 A. With respect to, I would presume, 12 all housing of an affordable nature in the 13 downstate area here in New York. 14 Q. Do you know how the management fees 15 are calculated for Lakeview? 16 A. No, I guess Phyllis has -- has a 17 system for calculating them. And I think she 18 told me she only -- We only -- We only -- We only 19 take what they will permit, John. And in fact, 20 our fees are only -- management fees are only 21 2 1/2 percent. 22 Q. Are you aware that -- 23 MR. HAYWOOD: Just a minute. He 24 wasn't exactly finished. 25 A. And if you look at -- you know, if</p>

17 (Pages 62 to 65)

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1 John Edmonds 2 you look at the statements that I've seen at the 3 end of the year, you'll see that some 18 or 4 20 percent, somewhere between 12 and 20 percent 5 will have gone to -- to Dalton Management for 6 management purposes. For example, Phyllis' staff 7 are all paid by the partnership, not by -- by 8 Dalton Management. They get a percentage of 9 income -- 10 Q. Mr. -- I'm going to stop you now -- 11 MR. HAYWOOD: Wait a second. 12 MR. TRAUB: Mr. Haywoode, let me 13 finish my interruption. 14 BY MR. TRAUB: 15 Q. I don't believe you're answering the 16 question that I have on the table. 17 MR. HAYWOOD: Just a minute. I 18 believe the process is to let him answer 19 and then move to strike what's not 20 relevant. 21 MR. TRAUB: Given that I have a time 22 constraint today -- 23 MR. HAYWOOD: To interrupt the 24 witness in the middle of a question that 25 you asked him?	66 1 John Edmonds 2 where that flat rate is avoided. 3 Q. With respect to -- withdrawn. 4 When you say there may be some 5 device for avoiding that fee, is that what you're 6 referring to when you said that some of the 7 employees of Dalton are paid directly from the 8 partnerships? 9 A. All of them. 10 Q. All of them are paid directly from 11 the partnerships? 12 A. Everybody there, as far as I can 13 determine, are paid with partnership funds and 14 not the management fee of Dalton Management. 15 Q. In your view, that's inappropriate? 16 A. Yes. 17 Q. And in your view, does that breach a 18 contractual obligation? 19 A. I think it does. 20 Q. And which contractual obligation do 21 you believe that to breach? 22 A. The contractual obligation is that 23 the contract would require them to receive X 24 dollars for management services. Most of the 25 companies that do this kind of business receive	67 1 John Edmonds 2 BY MR. TRAUB: 3 Q. Did you understand the question 4 that's before you right now? 5 A. I thought I did. 6 MR. TRAUB: Can the court reporter 7 read back the question. 8 (Record read.) 9 MR. HAYWOOD: Had you finished your 10 answer? 11 THE WITNESS: Yes. 12 MR. HAYWOOD: You were in the midst 13 of saying something when Mr. Traub stopped 14 you. 15 THE WITNESS: No -- 16 MR. HAYWOOD: Are you finished? 17 THE WITNESS: -- I think I've 18 completed the answer. 19 MR. HAYWOOD: Okay. 20 BY MR. TRAUB: 21 Q. Are you aware, with respect to 22 Lakeview, that DHCR provides a flat rate fee for 23 management fees? 24 A. I'm aware of the fact that they may 25 well do that, but they also provide some device	68 1 John Edmonds 2 where that flat rate is avoided. 3 Q. With respect to -- withdrawn. 4 When you say there may be some 5 device for avoiding that fee, is that what you're 6 referring to when you said that some of the 7 employees of Dalton are paid directly from the 8 partnerships? 9 A. All of them. 10 Q. All of them are paid directly from 11 the partnerships? 12 A. Everybody there, as far as I can 13 determine, are paid with partnership funds and 14 not the management fee of Dalton Management. 15 Q. In your view, that's inappropriate? 16 A. Yes. 17 Q. And in your view, does that breach a 18 contractual obligation? 19 A. I think it does. 20 Q. And which contractual obligation do 21 you believe that to breach? 22 A. The contractual obligation is that 23 the contract would require them to receive X 24 dollars for management services. Most of the 25 companies that do this kind of business receive
			69 1 John Edmonds 2 something like 6 percent for their fee and 3 they're responsible to pay their own employees. 4 In this instance, that does not apply. 5 Q. And that would be -- and we'll get 6 to it a little later. 7 That would be the basis for your 8 statement in the verified complaint and in your 9 affidavit that the -- I want to be precise in my 10 quotation here of you -- that "there's no 11 provision in the management agreements between 12 defendant Dalton and the partnerships to pay the 13 salaries of defendant Dalton's employees 14 including defendant Dawley, who was paid 15 \$140,000"; is that correct? 16 A. I know of no provision in the 17 management contract that would permit the payment 18 of management fees above and beyond 19 what is normal and usual in the 20 industry. Okay. 21 And I repeat, I think for the fourth 22 time, that that is not the way in which Dalton 23 Management handles that management fees and that 24 the employees of Dalton Management are paid by 25 the partnership above and beyond any fee that

	70		72
1	John Edmonds	1	John Edmonds
2	Dalton Management receives.	2	unfettered, but rather that -- principally Nealle
3	Q. In your view, that's incorrect, it	3	sits and tells them what they can have and what
4	shouldn't be paid from the partnerships, it	4	they can't have.
5	should be paid by Dalton directly?	5	MR. HAYWOOD: Indicating the
6	A. Not in my view, but I think it's	6	defendant Nealle Seavey?
7	rational. Yes. That's what should be done, yes.	7	THE WITNESS: That's correct.
8	Incidentally, is Phyllis denying	8	A. And that does not make it feasible
9	that this is the process?	9	for them to go quickly through this examination.
10	Q. I'm not here to answer your	10	MR. TRAUB: Can I mark this
11	questions. Unfortunately, this is -- I'm taking	11	Defendants' Exhibit 3, please.
12	your deposition today.	12	(Defendants' Exhibit 3, 3/27/07
13	A. Okay.	13	Letter to Seavey from Edmonds, marked for
14	Q. Are there any other abuses that you	14	identification.)
15	can think of specifically --	15	Q. Mr. Edmonds, I've given what's been
16	A. I've said to you over and over	16	marked to you as Defendants' Exhibit No. 3. Do
17	again, Mr. Traub, today that the system of	17	you recognize this letter?
18	management imposed by the Seaveys in each of the	18	A. Yes.
19	projects is a system that is abusive and it's a	19	Q. Is that your signature at the
20	system that should not be and it's a system for	20	bottom?
21	the kind of racketeering, et cetera, that the	21	A. Yes.
22	Seaveys -- that the Seaveys go forward with.	22	Q. And can you please read the very
23	For instance, Phyllis has all the	23	first line.
24	records of all these monies everywhere, okay, and	24	A. "I have retained the accounting firm
25	my accountants are having a very difficult time	25	of Cameron Griffiths & Pryce, CPAs, LLC, to
	71		73
1	John Edmonds	1	John Edmonds
2	getting the kind of information that would give	2	conduct an examination of the referenced
3	us an accurate picture of where the monies are	3	properties under the management of Dalton
4	and where the reserves are and where the	4	Management, LLC."
5	investments are.	5	Q. And so a second ago when you were
6	Q. Is it your understanding that over	6	referring to your accounting firm, is this who
7	the last two days, being Wednesday and Thursday,	7	you were referring to, Cameron Griffiths & Pryce?
8	that your accountants have been at Dalton	8	A. That is correct.
9	Management reviewing all of the retainage	9	Q. When did you first meet Cameron
10	accounts --	10	Griffiths & Pryce?
11	A. My --	11	A. Sometime after I had written --
12	Q. Let me finish my question for the	12	sometime in 2007 or 2006.
13	record.	13	Q. Would it be between the time that
14	A. Go ahead.	14	you wrote Defendants' Exhibit No. 1 and
15	Q. Thank you.	15	Defendants' Exhibit No. 3?
16	-- all of the investment accounts	16	A. Yes.
17	and retainage accounts over the last two days?	17	MR. HAYWOOD: My objection is
18	A. I don't set their schedule for them.	18	that's already in the record from the
19	Okay. And I don't know whether they're there or	19	previous testimony, but the witness has
20	not. They set their own schedule. So they may	20	answered again.
21	be there, they may not be there.	21	BY MR. TRAUB:
22	But I do know that they have	22	Q. I'm sorry, I missed your answer,
23	informed me on more than one occasion that on the	23	Mr. Edmonds.
24	occasions that they're there for the examination	24	MR. HAYWOOD: He said yes.
25	of books and records, their examination is not	25	Q. Mr. Edmonds, you said yes, between

<p>1 John Edmonds 2 the time that you wrote those two? 3 A. Yes. 4 Q. And how did you locate Cameron 5 Griffiths & Pryce? 6 MR. HAYWOODE: Objection to the 7 relevance. 8 The witness may answer. 9 A. I located them -- I believe I might 10 have had asked Mel if he knew of any accountants 11 that did this quality of this kind of auditing 12 work. And Mel I think said he did. He had in 13 mind another gentleman, and this person told Mel 14 that he was actually too busy to take on that 15 kind of an assignment, but that he was aware of a 16 group of CPAs who could undertake this 17 assignment. And he had reference to the Cameron 18 group. 19 Q. When you say "this assignment," can 20 you tell me what the scope of the assignment is. 21 A. The scope of the assignment is to 22 examine the books and records over -- over the 23 last ten years, going all the way back to I 24 guess 2000. 25 Q. And at the time that you had</p>	<p>74</p> <p>1 John Edmonds 2 respond -- if it is your view that you've been 3 libeled, I invite you to respond in the usual 4 counterclaim and say what fees you might have to 5 pay in any state court action." 6 Q. When you say "you will be served by 7 counsel forthwith," will be served with what? 8 A. Obviously a summons and complaint. 9 Q. In a RICO action? 10 A. Yes. 11 Q. So at the time then that you did 12 retain Cameron Griffiths & Pryce, the date after 13 you said you wrote this first letter, you were 14 already anticipating filing a RICO action? 15 A. That is correct. 16 Q. Regardless of what Cameron 17 Griffiths & Pryce found in their audit? 18 MR. HAYWOODE: Objection. 19 Argumentative. 20 A. I knew that their audit was assuming 21 that the books and records would be made 22 available to them, their audit would -- would 23 come up with -- with a consistent number of just 24 abuses that Seaveys committed as managing -- as 25 managers and controllers of the property.</p>
<p>1 John Edmonds 2 retained Cameron Griffiths & Pryce, were you 3 already seeking to file a RICO action against the 4 defendants? 5 A. Yes, that was the -- 6 MR. HAYWOODE: Objection to so much 7 of that as might call for attorney-client 8 privilege of some attorney or other. 9 Q. Well, let's go back to Defendants' 10 Exhibit No. 1, please. If you look at the last 11 paragraph, last full paragraph, not the one that 12 says, "I should be happy to address this issue," 13 but the one above that. Can you please read that 14 for the record. 15 A. Which -- 16 Q. Defendants' Exhibit No. 1, your 17 March 8, 2007, letter. 18 A. Which paragraph? 19 Q. The second-to-last paragraph, the 20 one that begins, "I anticipate." 21 A. "I anticipate that you, Dalton 22 Management and the owners thereof, will be served 23 by my counsel forthwith. Upon that service, it 24 is your view that you have -- it is your view 25 that you have been libeled. I invite you to</p>	<p>75</p> <p>1 John Edmonds 2 Q. When you say you knew that, why did 3 you know that? What is the basis of your 4 knowledge? 5 A. Oh, all of the -- the exchanges that 6 I had with Bob and Phyllis through -- through an 7 extended period. 8 Q. And I guess I'm a little lost. 9 Based on your exchanges with Bob and Phyllis, 10 what did you know -- 11 MR. HAYWOODE: I'm going to object 12 to counsel being lost, but -- please, can 13 you restate the question. 14 Q. I'm okay with my question. You can 15 answer if you understood it. 16 A. No, I really don't understand why 17 you continue to repeat this. I made my position 18 very clear here and I've said to you over and over 19 again and I repeat that Seaveys have abused and 20 taken advantage of the other managing general 21 partner of these properties that have been 22 identified in these letters. Okay? And that's 23 John Edmonds. 24 And John Edmonds is now moving, 25 through counsel, to correct that. And I intend</p>

1	John Edmonds	1	John Edmonds
2	to do whatever I have to do to correct it in	2	Q. But my question is, what
3	terms of lawsuits. I am prepared to go to my	3	irregularities in accounting did you have
4	grave fighting Robert Seavey and his abuse. He	4	knowledge of at that time?
5	and I both will go to the grave.	5	A. I'm not an accountant. And I would
6	Q. Mr. Edmonds, let me -- maybe I'll	6	not know of what irregularities. That's the
7	rephrase the question for you.	7	reason I retained those accountants.
8	I had asked you whether or not	8	Q. You said you knew there were
9	depending on the outcome -- whether or not your	9	irregularities.
10	filing of a RICO action depended upon the outcome	10	A. I knew there were irregularities,
11	of Cameron Griffiths & Pryce's audit. And you	11	but the nature of the irregularities and how they
12	said you knew that the Cameron Griffiths & Pryce	12	were being handled, I didn't know. So that's the
13	audit would find irregularities.	13	reason I went and got the accountants.
14	And my question to you is, what	14	Q. Did you know of any specific
15	irregularities did you know of at that time?	15	irregularities at that time?
16	MR. HAYWOOD: Objection to the form	16	MR. HAYWOOD: Counsel, at this
17	of the question.	17	point, I object. There is an element of
18	There were letters to Pryce	18	badgering the witness. The irregularities
19	Cameron and Griffiths --	19	are in the complaint. I mean, again, I
20	MR. TRAUB: Mr. Haywoode, your	20	don't see the purpose of asking him for a
21	objection is now going beyond what is	21	restatement of what he knew before the
22	allowed for under federal rules. Your	22	complaint. Again, it's argumentative.
23	objection is noted.	23	It's badgering the witness.
24	BY MR. TRAUB:	24	Q. Mr. Edmonds, did you have any
25	Q. You can answer the question.	25	specific knowledge of any irregularities before
79		81	
1	John Edmonds	1	John Edmonds
2	MR. HAYWOOD: Just so we're clear,	2	Cameron Griffiths & Pryce did their audit?
3	litigation followed the CPA inquiry. So	3	A. I told you yes, I did.
4	you're putting a hypothetical question.	4	Q. And which --
5	MR. TRAUB: Mr. Haywoode, again,	5	A. The specific irregularities was the
6	your objection goes beyond what is called	6	process by which her staff is paid. That's one
7	for under federal rules. Your objection is	7	specific irregularity.
8	noted on the record. Mr. Edmonds --	8	Q. By "she" are you referring to --
9	MR. HAYWOOD: My objection is it's	9	MR. HAYWOOD: Indicating the
10	hypothetical and the witness can answer the	10	defendant Phyllis Seavey.
11	question.	11	MR. TRAUB: Mr. Haywoode, again,
12	Q. You cannot direct --	12	this is not your deposition today, so I'd
13	MR. HAYWOOD: -- if he understands	13	ask you not to testify.
14	it.	14	Q. Are you referring to her being
15	A. I retained them because I knew that	15	Mrs. Seavey?
16	these abuses existed.	16	A. Yes.
17	Q. And my question is, what abuses did	17	Q. So it's the way that her staff was
18	you know of?	18	paid out of the partnerships is one of the
19	A. I knew of the management abuses, I	19	specific irregularities that you knew of?
20	just answered that several times.	20	A. That's right.
21	Q. No, you --	21	Q. Okay. Have you used Cameron
22	A. Yes, I did. I told you that I knew	22	Griffiths & Pryce on any other real estate
23	that the abuses existed based upon the kind of	23	multifamily housing projects?
24	responses that I was getting from Seavey and from	24	A. No.
25	Phyllis.	25	Q. Have you used Cameron Griffiths &

	82		84
1	John Edmonds	1	John Edmonds
2	Pryce at all before this audit?	2	And so, again --
3	A. No.	3	THE WITNESS: Bob ought to know all
4	Q. How much were you paying Cameron	4	about that because the firm who's -- who he
5	Griffiths & Pryce for their audit?	5	has retained through the years have blown
6	MR. HAYWOOD: Objection.	6	their independence a thousand times
7	A. I paid them whatever the fees are	7	already.
8	that they charge.	8	MR. TRAUB: Again --
9	Q. And what are those fees?	9	MR. KELLY: Let me also add that if
10	MR. HAYWOOD: Objection.	10	Cameron Griffiths & Pryce are fact
11	We're getting into an area here of	11	witnesses, and that if they're being paid
12	confidentiality. As to how much the	12	by a party for any purpose, that should be
13	accountants are being paid?	13	disclosed, if asked, and it's relevant that
14	MR. TRAUB: Absolutely.	14	way.
15	MR. HAYWOOD: What's the relevance	15	MR. HAYWOOD: A fact witness?
16	of that to this inquiry?	16	MR. TRAUB: If you're not using them
17	MR. TRAUB: Are you instructing him	17	as an expert witness, then you're using
18	not to answer the question?	18	them as a fact witness.
19	MR. HAYWOOD: I have to instruct	19	BY MR. TRAUB:
20	him at this point not to answer that, yes.	20	Q. And so again I'll ask you one more
21	MR. TRAUB: I'll give you one chance	21	time on the record, in light of all of the
22	to withdraw your objection, for two	22	statements, how much have you paid Cameron
23	reasons.	23	Griffiths & Pryce?
24	MR. HAYWOOD: Am I under threat	24	MR. HAYWOOD: No determination has
25	here?	25	been made as to who will testify as an
	83		85
1	John Edmonds	1	John Edmonds
2	MR. TRAUB: No, I'm giving you a	2	expert. No designation has been made of
3	chance to withdraw your objection.	3	any fact witness as opposed to an expert
4	Number 1, it's relevant if you're	4	witness. They have done what they are
5	going to use them as an expert witness on	5	attempting to do. And from the records,
6	accounting.	6	they haven't been terribly successful with
7	MR. HAYWOOD: We haven't indicated	7	getting the information they were asked to
8	their use as an expert witness.	8	get.
9	MR. TRAUB: And number 2 --	9	MR. KELLY: Actually, they have
10	MR. HAYWOOD: Just a minute.	10	testified already in this case when you
11	I haven't indicated their use as an	11	submitted affidavits by Mr. Cameron, which
12	expert witness. I have not even specified	12	makes them a fact witness in this case.
13	any particular accountant as an expert	13	You submitted the affidavit in connection
14	witness.	14	with the order to show cause. You
15	I think I've informed you, Darren,	15	submitted the affidavit again in connection
16	that there are several accountants who may	16	with the opposition to the motion to
17	be becoming interested in this matter. I	17	dismiss.
18	haven't designated anybody as an expert	18	They are witnesses in this case.
19	witness.	19	We're entitled to find out how much they've
20	MR. TRAUB: As you've also made	20	been paid by a party in this case.
21	clear throughout your pleadings and your	21	MR. HAYWOOD: My objection to this
22	depositions, that an accountant's	22	question at this point, Cameron Griffiths &
23	independent auditing which can be	23	Pryce are going to be examined, you better
24	influenced by payment is an issue when	24	put that question to them.
25	relying on an accountant and an auditor.	25	

	86		88
1	John Edmonds	1	John Edmonds
2	BY MR. TRAUB:	2	A. I've testified to that already.
3	Q. My question, Mr. Edmonds, to you is,	3	Q. My question was, did you tell
4	how much have you paid Cameron Griffiths & Pryce?	4	Cameron Griffiths & Pryce of any of the abuses
5	My question to Cameron Griffiths & Pryce will be	5	that you --
6	how much have they received. This is your --	6	A. I testified to that already. I
7	A. My answer to that question is that	7	said -- I told you that I told them that one of
8	I'm paying them as -- as they proceed in	8	the abuses that I was aware of was the business
9	accordance with their requirements.	9	of putting Dalton's management people on the
10	Q. Do you know how much you have paid	10	payroll of the partnerships rather than on the
11	them?	11	payroll of the management company.
12	A. As of this time?	12	Q. Did you tell them of any other
13	Q. As of this time.	13	abuses that you suspected?
14	A. I don't.	14	A. No, I told them in general terms
15	Q. Have you paid them more than a	15	that, as they went through these records, I was
16	hundred thousand dollars?	16	sure that they would find a substantial number of
17	A. Yes.	17	abuses.
18	Q. Have you paid them more than	18	Q. What is your understanding of
19	\$500,000?	19	Cameron Griffiths & Pryce's credentials with
20	A. No.	20	respect to audits and forensic accounting of
21	Q. Have you paid them more than	21	government-subsidized multifamily housing
22	\$250,000?	22	projects?
23	A. No.	23	MR. HAYWOOD: Objection to his
24	Q. More than \$200,000?	24	understanding. It calls for speculation.
25	A. I don't know.	25	MR. TRAUB: His understanding calls
	87		89
1	John Edmonds	1	John Edmonds
2	Q. So it's more than \$100,000 and less	2	for speculation, Mel?
3	than \$250,000?	3	MR. HAYWOOD: His understanding of
4	A. Yes.	4	their --
5	Q. Do you know the specific number that	5	MR. TRAUB: I want to know what his
6	you've paid them?	6	understanding is. I'm not asking him to
7	A. No, I do not.	7	speculate. I'm asking if he --
8	Q. When you retained Cameron	8	MR. HAYWOOD: His understanding of
9	Griffiths & Pryce, what did you tell them the	9	what?
10	scope of the project was?	10	MR. TRAUB: Can you repeat the
11	A. I told them as I've outlined in	11	question.
12	these letters, that it would be a RICO	12	(Record read.)
13	examination and I was looking for them to examine	13	MR. TRAUB: Of government-subsidized
14	the books, records, et cetera of Dalton and the	14	multifamily housing projects.
15	conduct of Seavey, Phyllis and Avery and Nealle,	15	A. I've been given to understand that
16	over the last ten year period.	16	they have substantial experience in this area.
17	Q. Did you give them any specific	17	As a matter of fact, I believe that the young
18	instructions as to what they should be looking	18	lady, Miss Pryce -- Miss Griffith owns it --
19	for?	19	Miss Pryce -- Miss Griffith was an auditor -- I
20	A. No, just go through the books and	20	believe an auditor for DHCR, retained -- they
21	records. I said to them, you go through the	21	would retain her to examine the books and records
22	books and records and I'm sure you're going to	22	of affordable housing companies. That's what
23	find these abuses?	23	I -- you know -- and that they have -- as a team,
24	Q. Did you tell them of any abuses that	24	they have this background experience.
25	you suspected at that time?	25	Q. What is the source of your

	90		92
1	John Edmonds	1	John Edmonds
2	understanding?	2	A. I don't think -- other than oral
3	A. The source of my understanding is	3	discussions had with Cameron Griffiths & Pryce at
4	information that they gave me with respect to	4	their office, I don't think I've gotten anything
5	their backgrounds as I discussed it.	5	else.
6	Q. Did they actually give you a	6	One of the things that they report
7	physical document on their backgrounds?	7	to me at all times is that -- that the documents
8	A. No, just a -- just a discussion back	8	that they asked for, they had great difficulty in
9	and forth in their offices.	9	getting them and that not more than 40 to
10	Q. When you were looking to retain	10	60 percent of them had been responded to.
11	them?	11	Q. My question was, was this the last
12	A. Yes.	12	written or the only written document that
13	Q. Can you name any other multifamily	13	you've received that constitutes --
14	real estate properties for which they are the	14	A. As long as -- yeah, I don't recall
15	accountants for?	15	receiving any other document.
16	A. No, I cannot.	16	Q. You testified there were oral
17	THE REPORTER: Do you think we can	17	discussions that you also had with Cameron
18	take a break?	18	Griffiths & Pryce.
19	MR. TRAUB: It's 12 o'clock now. Do	19	A. Yes, I just stated that.
20	you want to take a one-hour lunch break at	20	Q. Were the oral discussions after you
21	this point?	21	received this document or before this document?
22	MR. KELLY: Let's take a five-minute	22	A. After. We've had several
23	break.	23	meetings --
24	MR. TRAUB: That's perfect.	24	Q. Okay.
25	(Recess from the record.)	25	A. -- at their office.
	91		93
1	John Edmonds	1	John Edmonds
2	MR. TRAUB: Can I get you to mark	2	Q. Did your oral discussions result in
3	this Defendants' Exhibit No. 4.	3	any modification in any way of the information
4	(Defendants' Exhibit 4, 12/12/07	4	contained in that report?
5	Cameron, Griffiths & Pryce letter	5	A. As far as I know, no.
6	attaching their report, marked for	6	Q. So this report then constitutes
7	identification.)	7	the findings of Cameron Griffiths & Pryce as of
8	BY MR. TRAUB:	8	today?
9	Q. Mr. Edmonds, I've just handed you	9	MR. HAYWOOD: I'm going to object
10	what's been given to you as Defendants' Exhibit	10	to this question because you're suggesting
11	No. 4. Do you recognize this document?	11	categories, of this witness, of something
12	A. Yeah.	12	that he could not possibly know. You know,
13	Q. What is this document?	13	Cameron & Griffith, as we speak, are
14	A. It's a letter to me from Cameron	14	looking at records pursuant to our --
15	Griffiths & Pryce.	15	MR. TRAUB: Mr. Haywoode, I'm going
16	Q. And did you receive this document?	16	to remind you once again of your
17	A. Yes.	17	limitations on what you're allowed to
18	Q. And when did you receive this	18	object to under Federal Rule 30. You can
19	document?	19	give a short, concise, nonargumentative and
20	A. Well, I guess at or about the -- at	20	nonsuggestive objection.
21	or about the date as set forth here, 12/12/2007.	21	MR. HAYWOOD: I'm going to follow
22	Q. Did you receive any other reports or	22	your example from the last deposition at
23	summaries from Cameron Griffiths & Pryce	23	which you set the record straight. And as
24	regarding their audit of the books and records of	24	we speak, they're looking at information.
25	the partnerships?	25	So the form of the question, how can we say

24 (Pages 90 to 93)

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	94		96
1	John Edmonds	1	John Edmonds
2	that that's the end? They're still engaged	2	including what's in the order to show
3	in the process.	3	cause, is letters requesting documents and
4	MR. TRAUB: Can you please read back	4	items, an affidavit from Cameron orally
5	my question.	5	saying that he didn't get all the documents
6	(Record read.)	6	and items that were requested in his
7	A. The answer is no.	7	letters in this report.
8	Q. No, you've received another --	8	We've not received any other
9	A. I've said to you that I've had	9	information that constitutes a finding or
10	several meetings with them as they go through the	10	conclusion so far based on their audit.
11	auditing process at their office in which we	11	Are you --
12	discuss what progress they've made and what	12	MR. HAYWOOD: The audit -- I would
13	difficulties they're having in getting	13	object to any characterization of anything
14	information.	14	they've said as a finding and conclusion
15	Q. And I asked you whether or not any	15	because they haven't seen everything. They
16	of those discussions resulted in any modification	16	say that consistently. They say, We
17	of this report and you said no; is that --	17	haven't been able to --
18	A. That's correct.	18	MR. TRAUB: My role here today and
19	Q. Okay. So other than being advised	19	your role is not to argue with each other.
20	that they were having problems receiving certain	20	MR. HAYWOOD: Darren, you know I
21	documents --	21	wouldn't do that.
22	A. Difficulties.	22	MR. TRAUB: I know.
23	Q. -- difficulties receiving certain	23	MR. HAYWOOD: I just want to say
24	documents, have they ever shared findings with	24	the question, the form, findings and
25	you other than as contained in that report?	25	conclusions, there's no conclusion here.
	95		97
1	John Edmonds	1	John Edmonds
2	A. Orally, they've informed me of what	2	BY MR. TRAUB:
3	those findings were to date. If you take a look	3	Q. Have they shared with you any other
4	at this, this is only one year. This is only	4	findings other than as contained in their report
5	2006 they're talking about.	5	that's been marked as Exhibit No. 4?
6	Q. So what else have they advised you	6	A. Orally, we've had discussions in
7	of that they found other than as contained in	7	their office as to -- as to what progress they're
8	this report?	8	making in the examination of the books and
9	MR. HAYWOOD: Just a second.	9	records.
10	Let the record show that I have	10	Q. Other than them telling you that
11	provided to counsel all the reports and	11	they are having, to use your term, "difficulties"
12	documents in my possession from Cameron	12	finding or obtaining documents, have they told
13	Pryce and Griffith. They certainly go	13	you that they have found any other issues with
14	beyond this.	14	regards to the audit and accounting?
15	MR. TRAUB: Actually, they don't,	15	A. Yeah, they discussed those issues
16	Mel. It was this and it was five or six	16	with me orally.
17	letters requesting documents and items.	17	Q. And what were those issues that they
18	That was all --	18	discussed with you?
19	MR. HAYWOOD: And the information	19	A. Essentially, the refusal of the
20	in the order to show cause, a complete set	20	Seaveys to provide them with critical information
21	of the letters that Cameron and Pryce --	21	in order that they might complete the other years
22	MR. TRAUB: And again, it may be	22	going 2005, '06 and so forth and so on.
23	you're misunderstanding; maybe it's me	23	Q. Anything else shared with you in
24	that's misunderstanding.	24	those oral discussions?
25	What we've been provided with,	25	A. I can't think of anything else.

25 (Pages 94 to 97)

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